The Road to Success: Integrating Sustainability with the Balanced Scorecard and ISO 14001 EMS

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Outline

- Balanced Scorecard (BSC)
- Sustainability and the Balanced Scorecard
- BSC and Mission-Focused ISO 14001 EMS

Strategy and Execution

- Strategy formulation has never been more important than it is today
- 10-30% of effectively formulated strategies are successfully implemented
- Emphasis on strategy and vision creates belief that the right strategy is all that is needed to succeed
- The ability to execute strategy is more important than the quality of the strategy itself
  - According to a 1999 *Fortune Magazine* cover story, in the majority of cases the real problem isn't bad strategy; it's bad execution

"Organizations need a new kind of management system — one explicitly designed to manage strategy…"

(Kaplan and Norton, *The Strategy-Focused Organization*, 2001)

Balanced Scorecard

What is it?

The Balanced Scorecard is a…

- Measurement System
- Strategic Management System
- Communication Tool

Translating the Strategy

The Balanced Scorecard helps an organization translate strategy into action

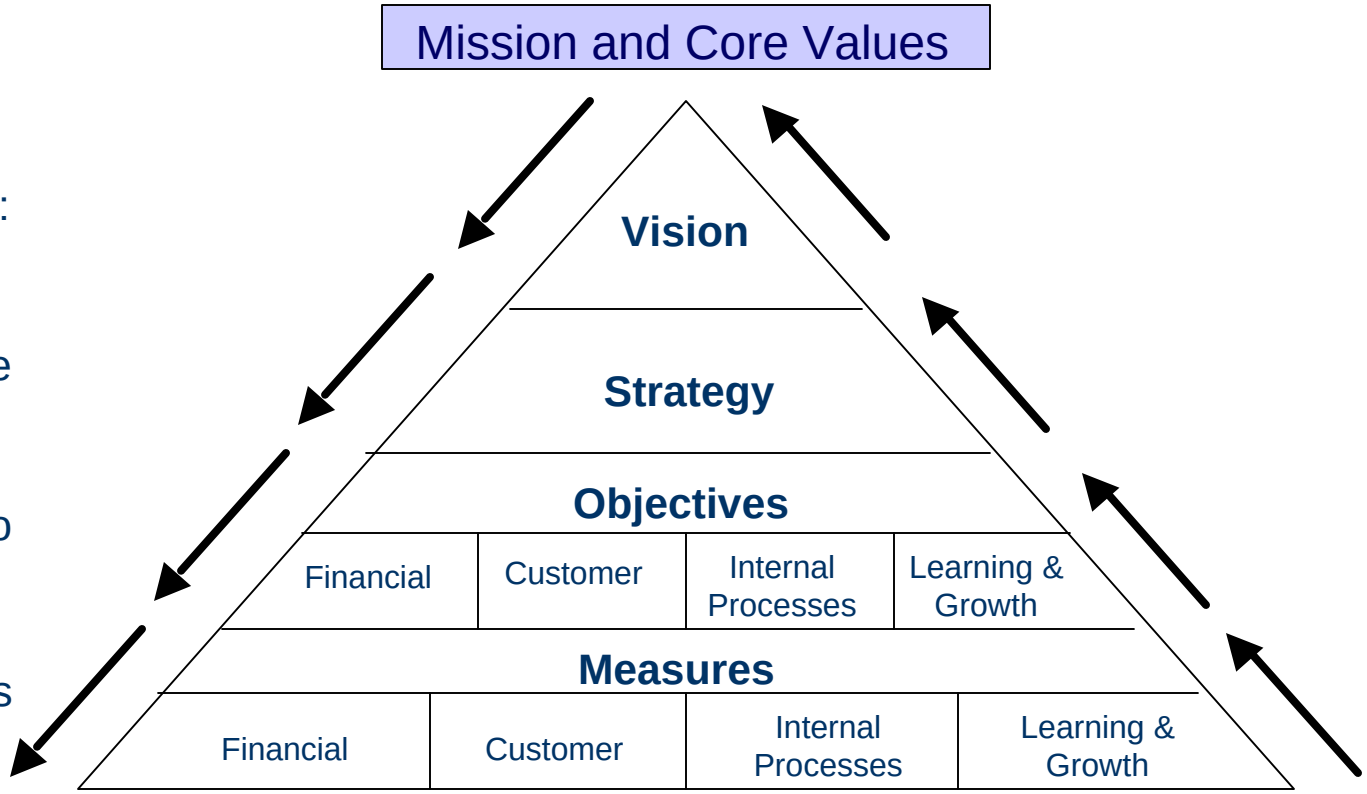
Why we exist and what we believe in

Our desired future state: what we want to be

Our game plan: what we plan to do

What we must do well to implement our strategy

How strategic success is measured and tracked



Balanced Scorecard

Private Sector

Financial

Objectives	Measures	Targets	Initiatives

Customer

Objectives	Measures	Targets	Initiatives

Vision and Strategy

Internal Processes

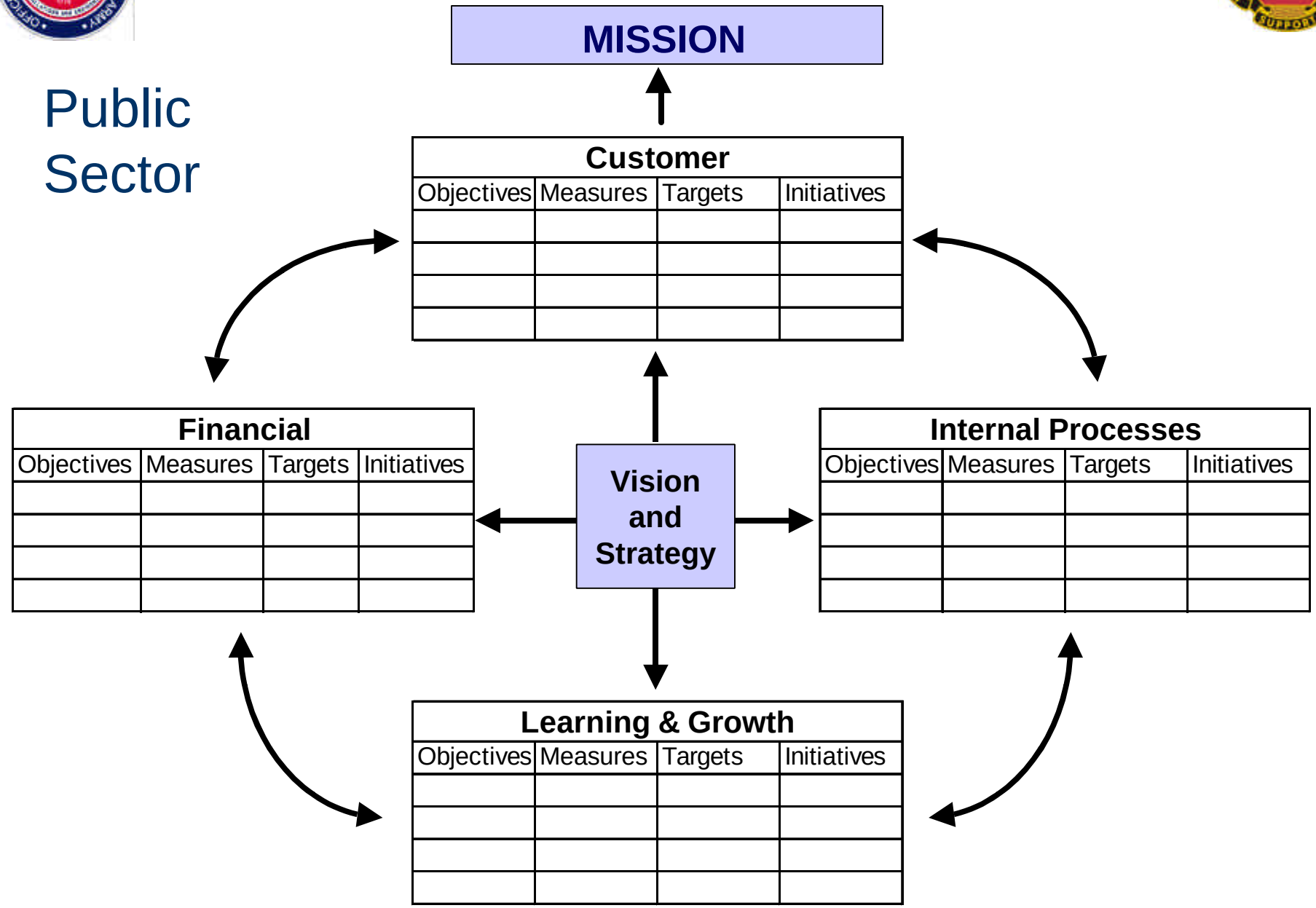
Objectives	Measures	Targets	Initiatives

Learning & Growth

Objectives	Measures	Targets	Initiatives

Balanced Scorecard

Public Sector



BSC Key Concepts

- Multiple (i.e., “balanced”) Perspectives
  - Strategy Maps
  - Strategic Objectives and Themes
- Cause-and-effect Relationships
- Leading and Lagging Indicators
- The Cascading Process
- Strategic or “Double-Loop” Learning

BSC Perspectives

Mission

"To achieve our mission what are the critical few outcomes we must focus on?"

↑

Customer/Stakeholder Perspective

"To achieve our vision, how must we look to our customers/stakeholders?"

↑

Internal Perspective

"To satisfy our stakeholders and mission, what processes must we excel at?"

↑

Learning & Growth Perspective

"To achieve our vision, how must our people learn, communicate, and work together?"

↑

Resource Perspective

"To achieve our mission, what resources must we obtain and manage?"

Perspectives

MISSION

STAKEHOLDERS

INTERNAL PROCESSES

LEARNING & GROWTH

RESOURCES

Strategic Objectives

MISSION

STAKEHOLDERS

- Strategic Objective
- Strategic Objective

INTERNAL PROCESSES

- Strategic Objective
- Strategic Objective
- Strategic Objective
- Strategic Objective
- Strategic Objective

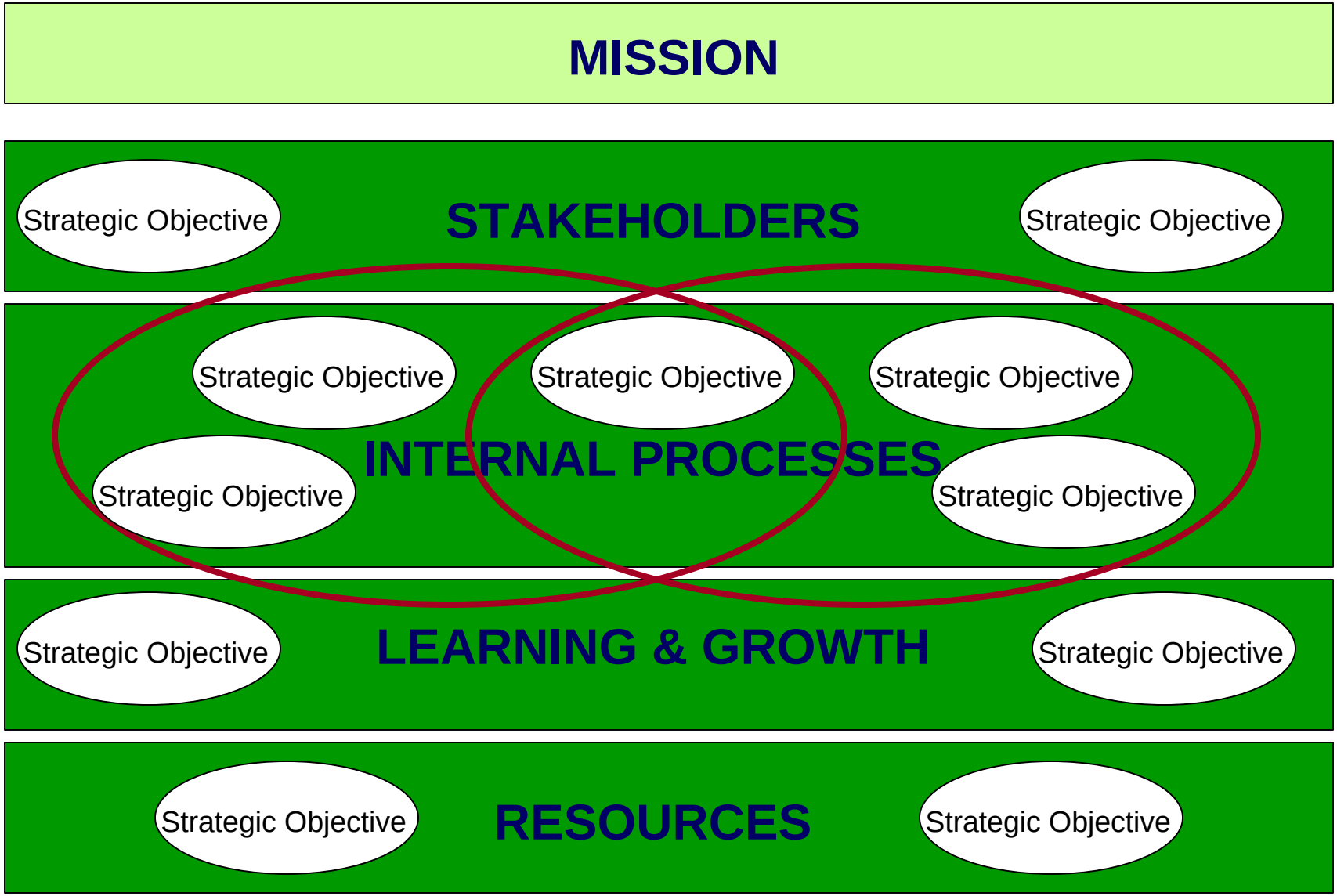
LEARNING & GROWTH

- Strategic Objective
- Strategic Objective

RESOURCES

- Strategic Objective
- Strategic Objective

“Themes”


MISSION
STAKEHOLDERS
Strategic Objective
Strategic Objective
INTERNAL PROCESSES
Strategic Objective
Strategic Objective
Strategic Objective
Strategic Objective
Strategic Objective
LEARNING & GROWTH
Strategic Objective
Strategic Objective
RESOURCES
Strategic Objective
Strategic Objective

Components of the Army Mission Map

"The Army's purpose is to serve the American people, protect enduring national interests, and fulfill national military responsibilities." *-- FM1*

Stakeholder Mission

Core Competencies

Shape Security Environment, Execute Prompt Response, Mobilize The Army, Conduct Forced Entry, Sustained Land Dominance, Support Civil Authorities--*APPG*

Internal Process

Readiness

"We must maintain near term training and readiness to ensure that we are prepared at all times to fight and win our nation's wars"

—Joint Statement to Congress July 01

Trained & Ready Force for Today and the Future

Transformation

"Transformation is the strategic transformation we will have to undergo to prepare ourselves now for the crises and wars of the 21st century."

--*CSA, AUSA Oct 00*

Learning & Growth

Sound Business Practices

"Enterprise systems enable seamless global operations. Therefore we will, proactively pursue reforms to implement proper business practices to improve operational effectiveness of The Army."

– Sec Army Confirmation Hearing May 01

People

"People are the centerpiece of our formation." *–CSA AUSA Oct 99*

Resources

Secure Resources

"Secure the resources including people, dollars, infrastructure, installations, institutions and time to utilize these resources"

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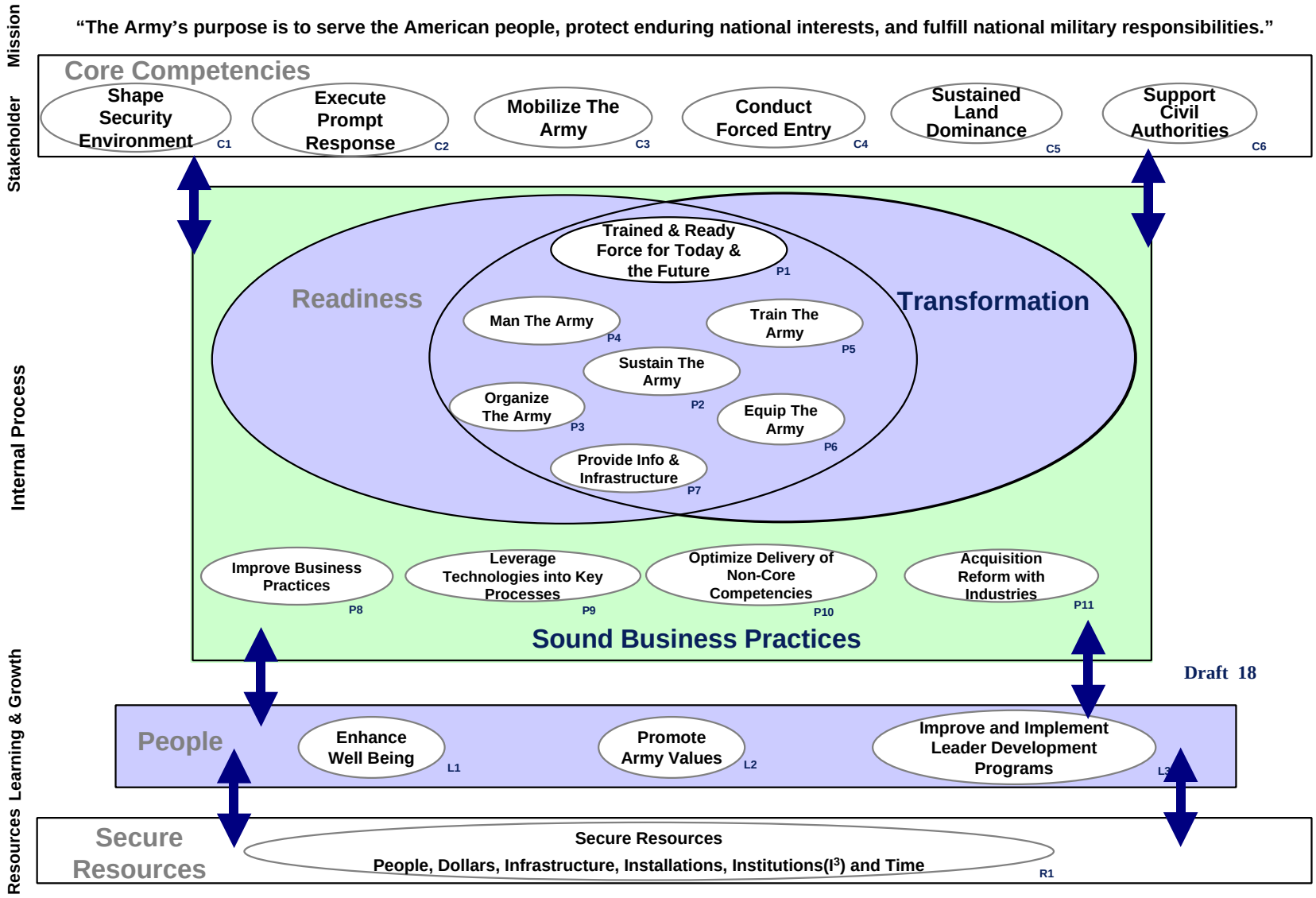
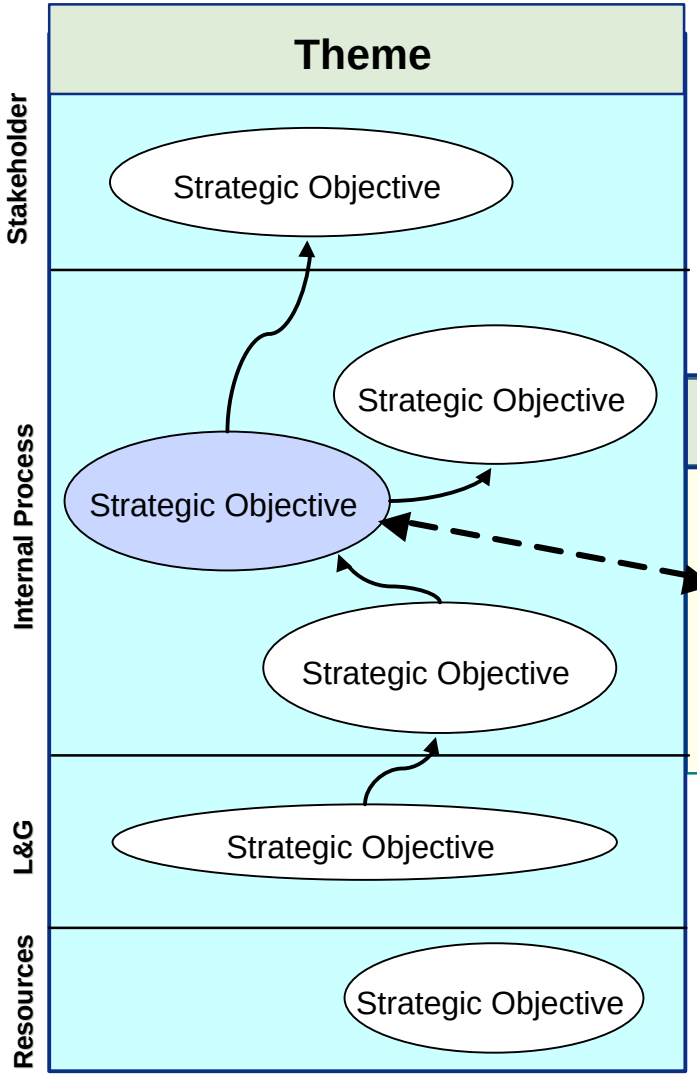
The Army Mission Map



Balanced Scorecard Components

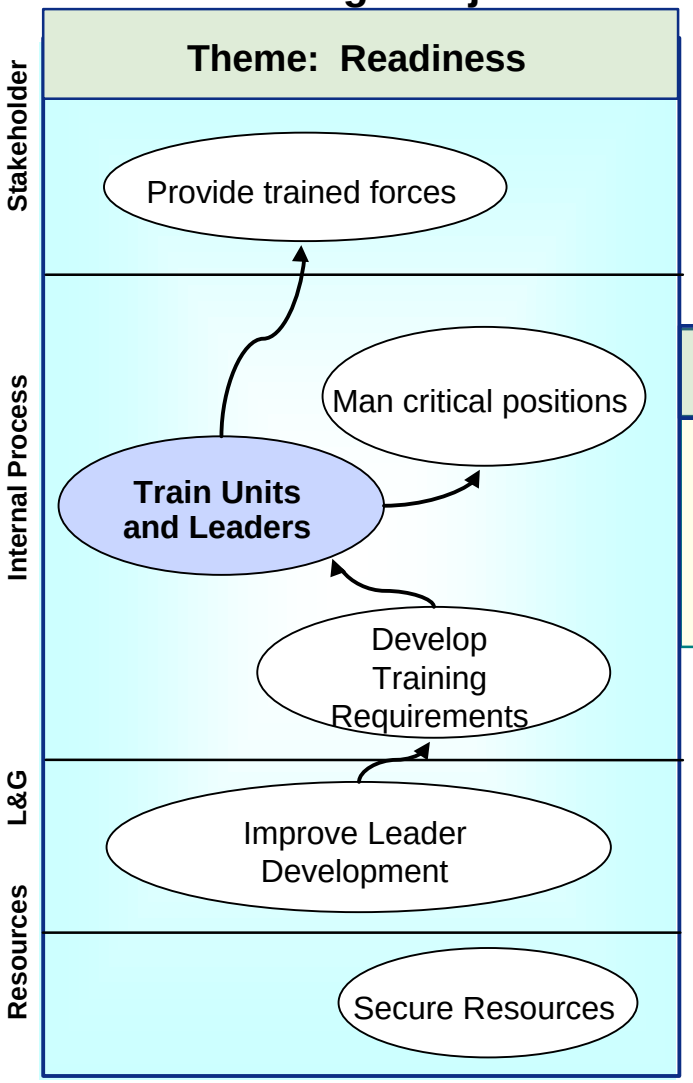
Cause and effect relationships between strategic objectives



Statement of must achieve and what's critical to its success	How success in achieving the strategy will be measured and tracked	The level of performance or rate of improvement needed	Key action programs required to achieve objectives
Objective Stmt	**Measure**	**Target**	**Initiative**
• Complete statement for each Strategic Objective	• The unit of measure	• The numeric target	• The plan to close the gap between target and current status

Balanced Scorecard Components

Cause and effect relationships between strategic objectives



Statement of must achieve and what's critical to its success	How success in achieving the strategy will be measured and tracked	The level of performance or rate of improvement needed	Key action programs required to achieve objectives
Objective	**Measurement**	**Target**	**Initiative**
• Provide a force with trained leaders capable of carrying out their mission	• Percent METL trained	• 80	• Training needs analysis

The Cascading Process

Mission, Values, Vision

Strategy

	Financial				Customer				Internal Processes				Learning & Growth			
"Corporate" Scorecard	Objectives	Measures	Targets	Initiatives	Objectives	Measures	Targets	Initiatives	Objectives	Measures	Targets	Initiatives	Objectives	Measures	Targets	Initiatives

	Financial				Customer				Internal Processes				Learning & Growth			
Strategic Business Unit	Objectives	Measures	Targets	Initiatives	Objectives	Measures	Targets	Initiatives	Objectives	Measures	Targets	Initiatives	Objectives	Measures	Targets	Initiatives

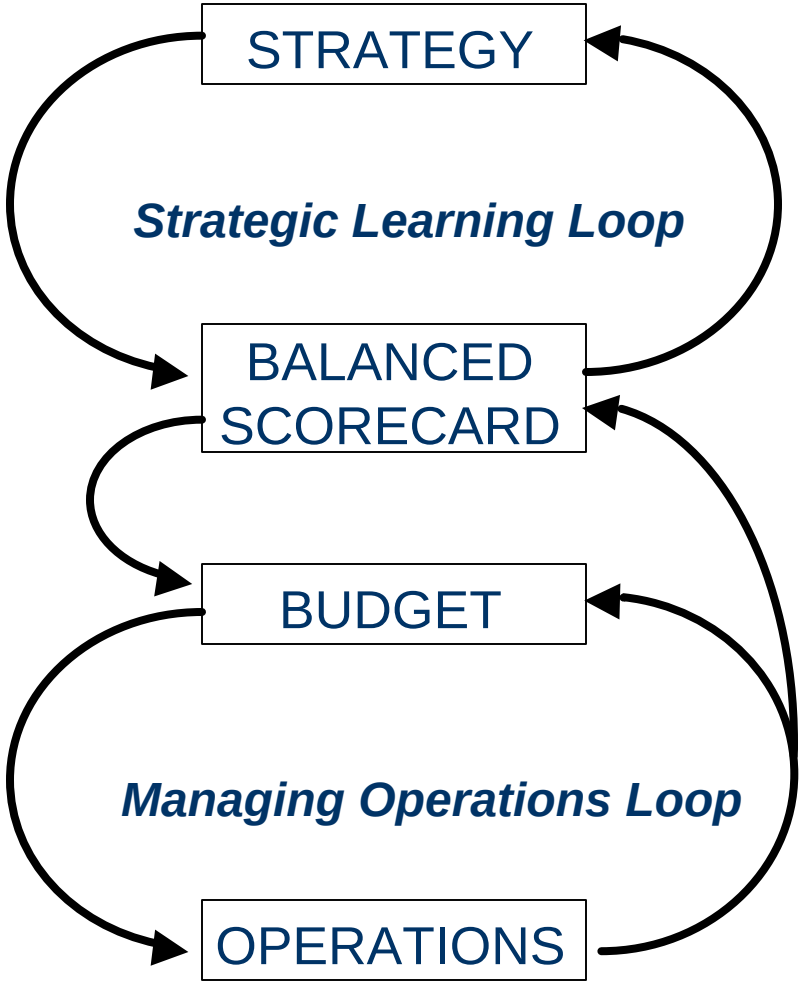
	Financial				Customer				Internal Processes				Learning & Growth			
Sub-unit Level Scorecard	Objectives	Measures	Targets	Initiatives	Objectives	Measures	Targets	Initiatives	Objectives	Measures	Targets	Initiatives	Objectives	Measures	Targets	Initiatives

Team and Personal Balanced Scorecards

Feedback and Strategic Learning

Testing, Learning and Adapting
- Testing Causal Linkages
- Dynamic Simulation
- Business Analytics
- Emergent Strategy

Update the Strategy



Test the Hypothesis

Reporting

Closing the Strategy Loop
- Strategic Feedback
- Management Meeting
- Accountability

Link Strategy and Budget
- Stretch targets
- Strategic initiatives
- Rolling forecasts

Resource

Review

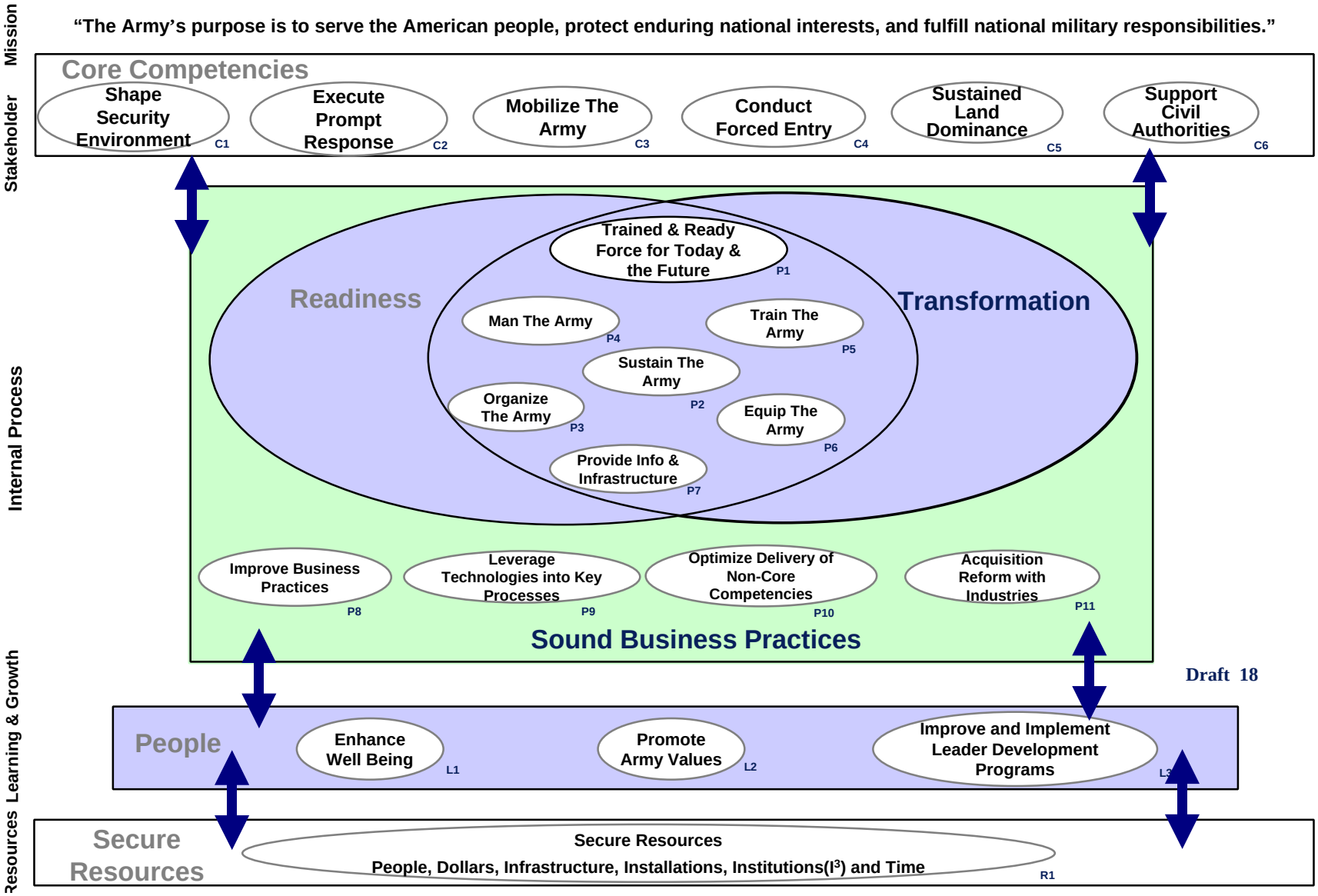
What About Sustainability?

- Sustainability is about **long-term success**
- It is the ability to function or operate into the future **without decline**…
- Key concern is exhausting or overloading **resources** and **ecosystems** we need
- It requires **strategic planning** and **adaptive management** at multiple scales

Integrating Sustainability

- … within existing perspectives
- … as an additional perspective
- … as a strategic “theme”
- … as an separate scorecard

The Army Mission Map



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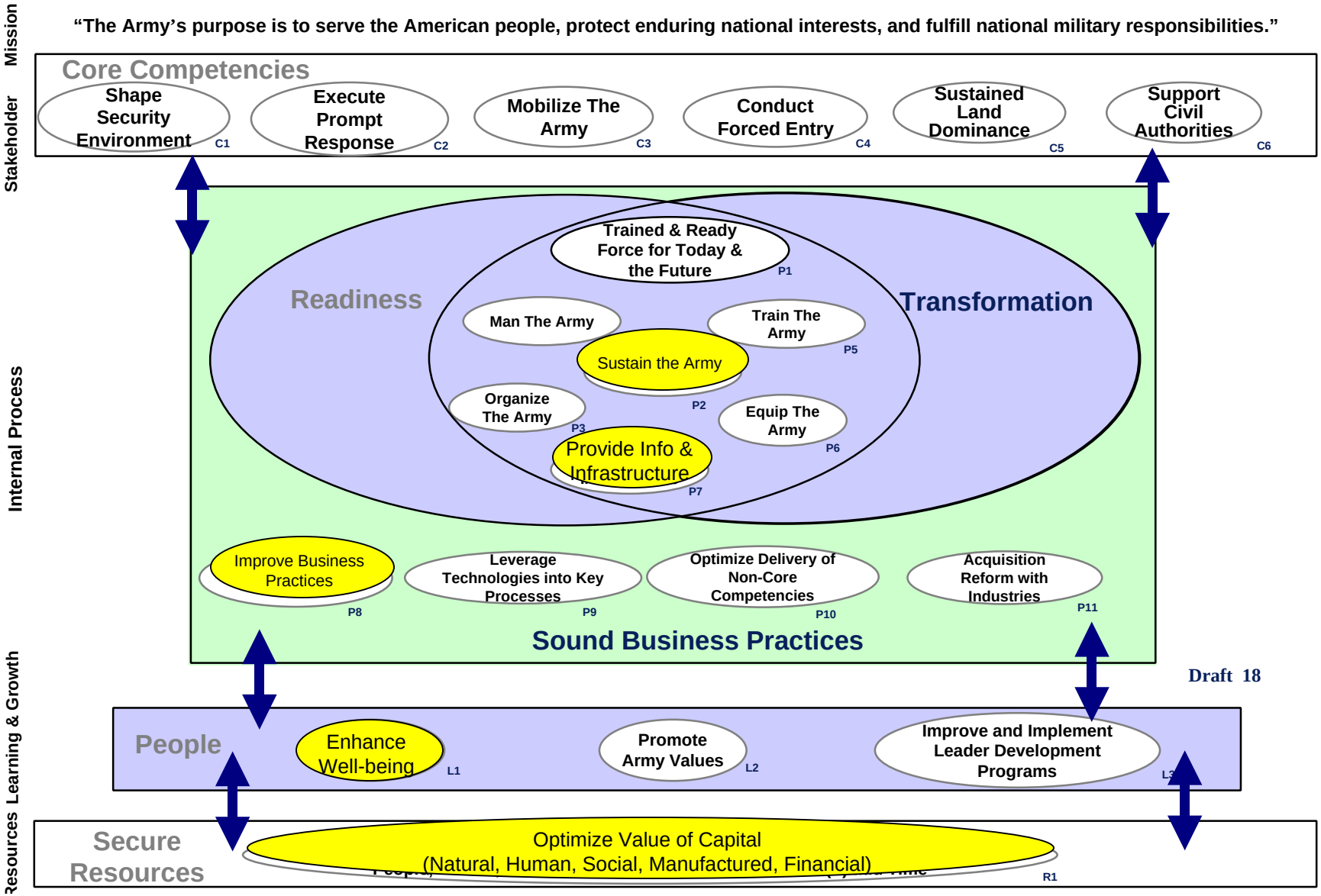
"Embedded" Sustainability



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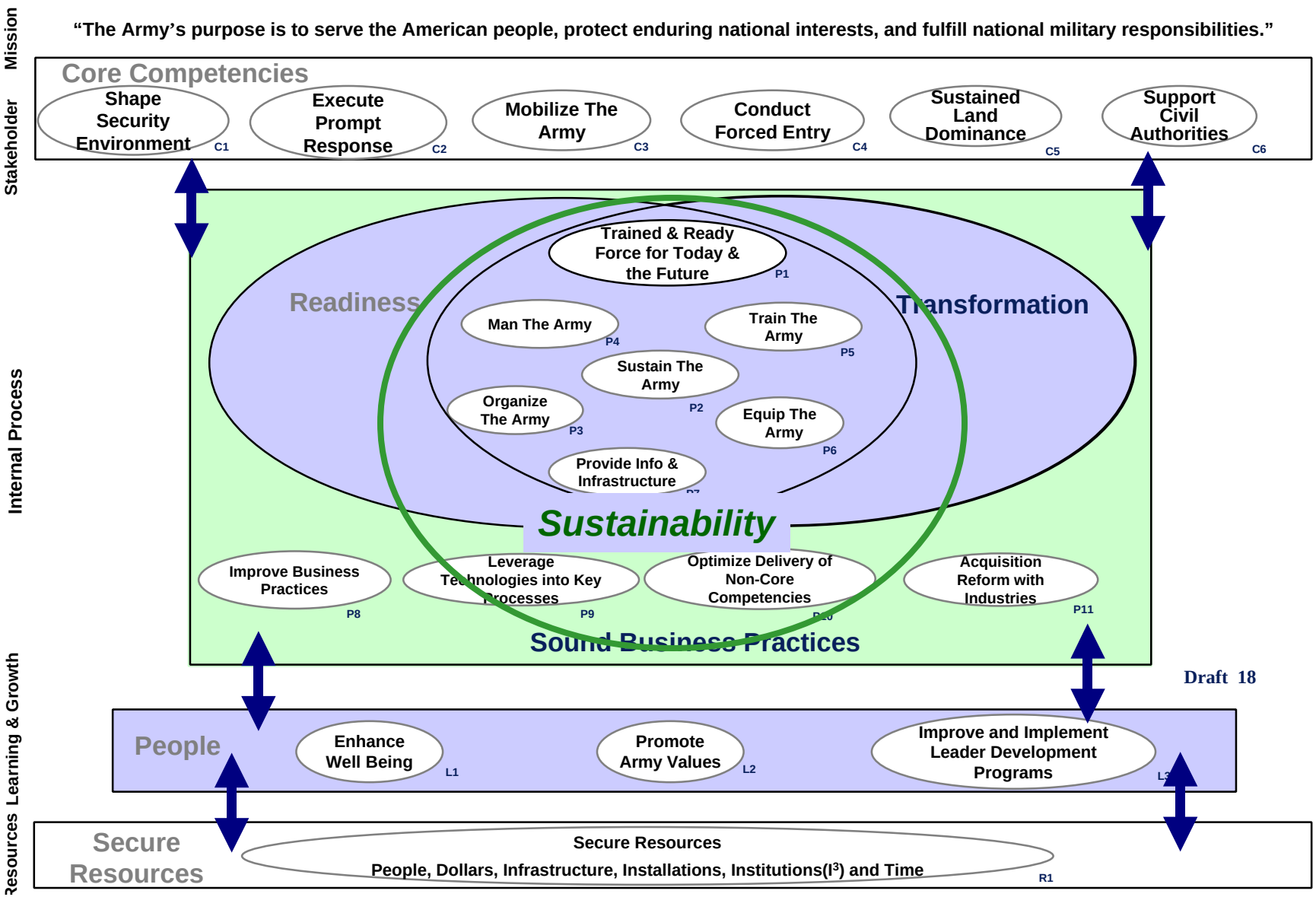
Sustainability as Strategic Theme



Sustainability Scorecard

Mission

Stakeholders

- Cost
- Value
- Support

Internal Processes

- Train
- Equip
- Sustain
- Build/House
- Transport
- Steward
- Develop

Learning & Growth

- Inspire
- Learn
- Know
- Share

Resources / Capital

- Financial
- Human
- Human-made
- Natural
- Social

Considerations

- How does sustainability play within an ISO 14001 EMS?
- How does the EMS relate to the *strategic* management system?
- Can an EMS be “mission-focused” without explicitly linking to strategic objectives?
- Can an EMS that is not “nested” within the strategic management system be effective?

Questions?

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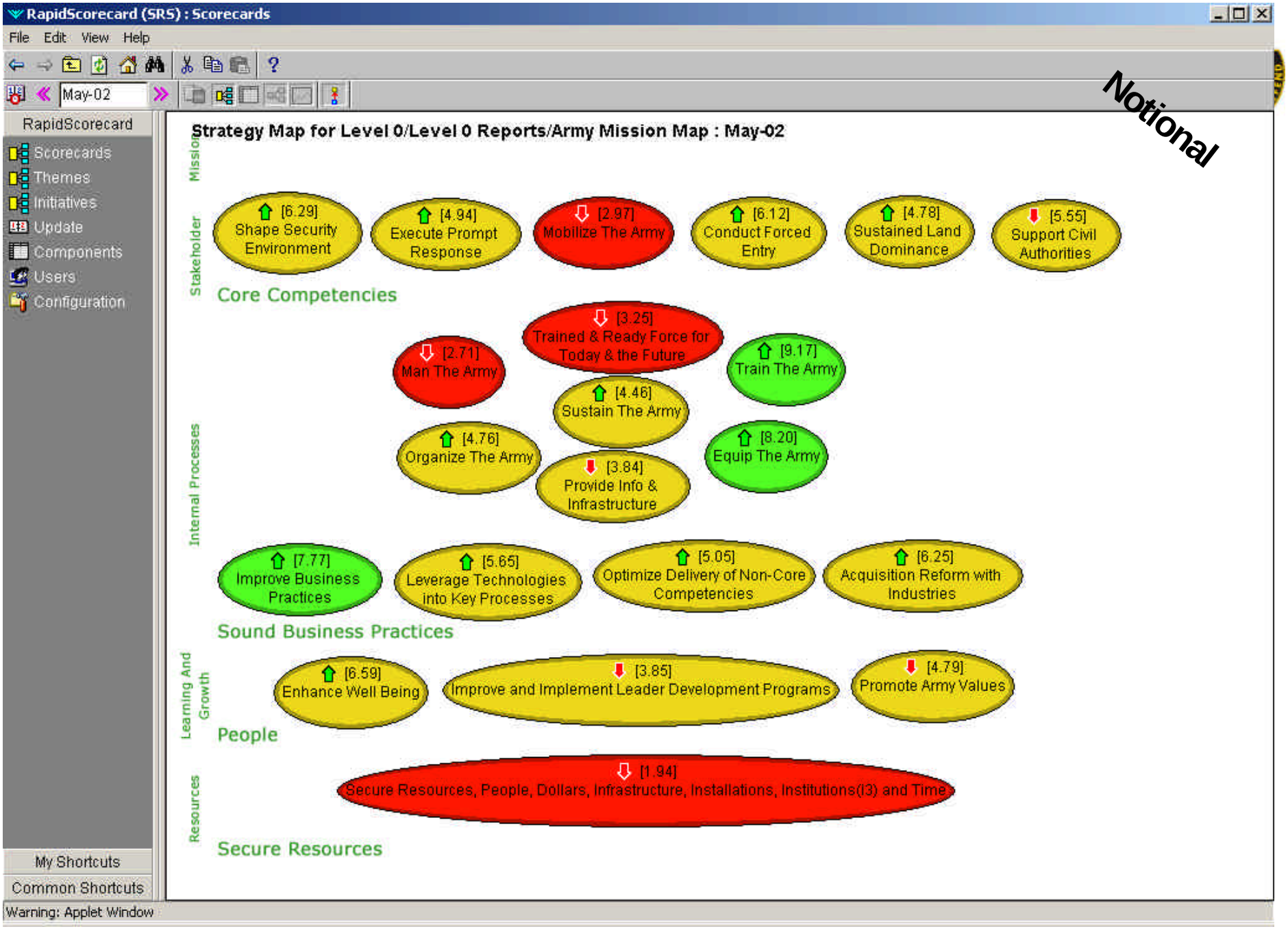
Backups


RapidScorecard (SRS) : Scorecards
File Edit View Help
May-02
RapidScorecard
Scorecards
Themes
Initiatives
Update
Components
Users
Configuration
My Shortcuts
Common Shortcuts
Warning: Applet Window
Notional
Strategy Map for Level 0/Level 0 Reports/Army Mission Map : May-02
Mission
Stakeholder
[6.29] Shape Security Environment
[4.94] Execute Prompt Response
[2.97] Mobilize The Army
[6.12] Conduct Forced Entry
[4.78] Sustained Land Dominance
[5.55] Support Civil Authorities
Core Competencies
Internal Processes
[3.25] Trained & Ready Force for Today & the Future
[2.71] Man The Army
[9.17] Train The Army
[4.46] Sustain The Army
[4.76] Organize The Army
[8.20] Equip The Army
[3.84] Provide Info & Infrastructure
[7.77] Improve Business Practices
[5.65] Leverage Technologies into Key Processes
[5.05] Optimize Delivery of Non-Core Competencies
[6.25] Acquisition Reform with Industries
Sound Business Practices
Learning And Growth
[6.59] Enhance Well Being
[3.85] Improve and Implement Leader Development Programs
[4.79] Promote Army Values
People
Resources
[1.94] Secure Resources, People, Dollars, Infrastructure, Installations, Institutions(I3) and Time
Secure Resources

RapidScorecard (SRS) : Scorecards

File Edit View Help

May-02

RapidScorecard

- Scorecards
- Themes
- Initiatives
- Update
- Components
- Users
- Configuration

My Shortcuts

Common Shortcuts

Warning: Applet Window

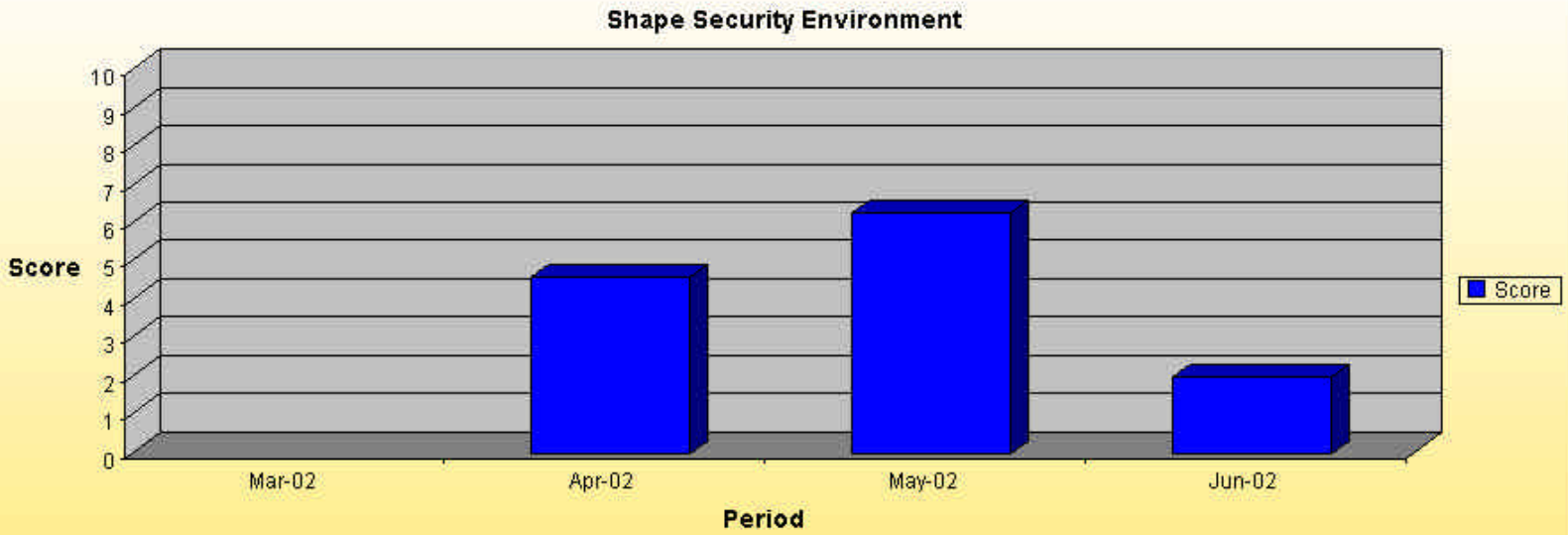
Notional

Shape Security Environment : May-02

[6.29]
Shape Security Environment

5.66 [10.00]
C1-a % of priority countries

2.57 [2.57]
C1-b % of critical access/joint international usage agreements proven actionable through exercises



RapidScorecard (SRS) : Scorecards

File Edit View Help

May-02

RapidScorecard

- Scorecards
- Themes
- Initiatives
- Update
- Components
- Users
- Configuration

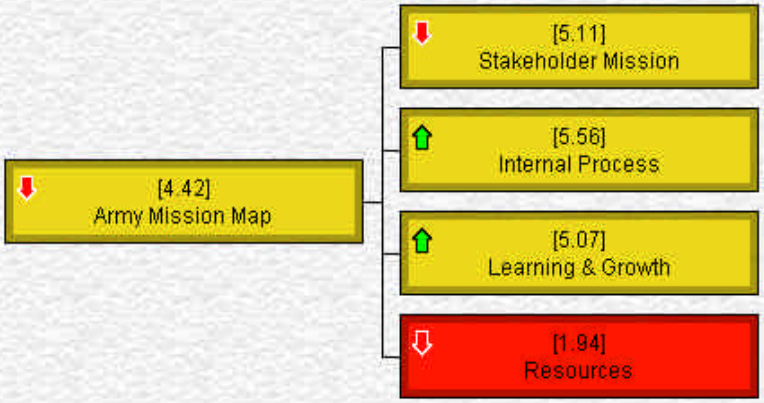
My Shortcuts

Common Shortcuts

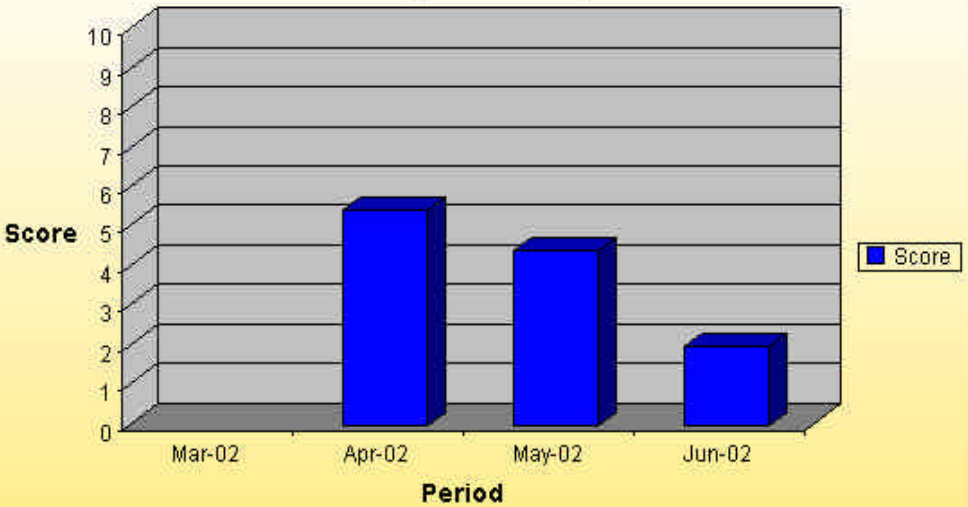
- Total US Army
  - Level 0
    - Level 0 Reports (more)
      - Army Mission Map
        - Stakeholder Mission
          - Shape Security Environment
            - C1-a % of priority countries
            - C1-b % of critical access/joint ir
          - Execute Prompt Response
          - Mobilize The Army
          - Conduct Forced Entry
          - Sustained Land Dominance
          - Support Civil Authorities
        - Internal Process
        - Learning & Growth
        - Resources
    - Level 1 (more)
      - AMEDD
        - Internal Perspective
        - Learning & Growth Perspective
        - Customer Perspective
        - Financial Perspective
      - G-1
        - Stakeholder
        - Internal Process
        - Learning & Growth
        - Resources
      - G-2
      - G-4
      - OCPA
      - TRADOC
      - OAA

Notional

Army Mission Map : May-02



Army Mission Map



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GRAPHICAL ANALYSIS

File Data Graphs Quick Report Tools Window Help

Actual | Standards | Variance

Notional

Quick Report - Monthly Performance Report

Perspectives	Objectives...	Measures...	Actual...	Best	Worst	Score
Level 0 | Level 1 | AMEDD						
Month Name : April						
Internal Perspective	IP-8 Align Resources with Population Requirements	Percent of MEDCOM MTFs Where the Popula	0.22	1.00	0.00	2.18
	IP-13 Expedient, Compassionate Disposition of the M	IP-13a: Percent of MEBs Processed in <90 D	0.72	1.00	0.00	7.22
		IP-13b: Percentage of PEBs Completed and	0.20	1.00	0.00	1.97
	IP-6 Return Soldiers To Duty	IP-6a: Orthopedic Backlog for Active Duty Sc	0.63	1.00	0.00	6.28
		IP-6b: Orthopedic Backlog for Active Duty Sc	0.73	1.00	0.00	7.29
	IP-1 Provide State of the Art Health Risk Assessme	Percent of Threats (Infectious Disease, BW,	0.24	1.00	0.00	2.39
	IP-2 Monitor Medical Threats and the Fitness of the	Percent of Requested Medical Risk Assessm	0.36	1.00	0.00	3.56
	IP-3 Leverage Science and Technology	IP-3a: Percent of Army Science and Techno	1.00	1.00	0.00	9.98
		IP-3b: Number of AMP Proposals Submitted A	0.45	1.00	0.00	4.50
	IP-4 Products to Market to Support Army Transform	Percent of Products Fielded Against Army A	0.04	1.00	0.00	0.35
	IP-5 Leverage Capabilities of Institutional AMEDD	Number of Major Medical Units Supported By	0.20	1.00	0.00	1.96
	IP-7 Safe Patient Care	IP-7a: Percent AMEDD Providers Properly De	0.29	1.00	0.00	2.92
		IP-7b: Percentage of Near Misses/Total Rep	0.30	1.00	0.00	3.03
	IP-9 Develop Fast, Accurate Analysis, Forecasting,	Percent of Critical Indicators That Can Be Me	0.63	1.00	0.00	6.26
	IP-10 Streamline Access To Care	IP-10a: Percent of Routine Appointments Me	0.60	1.00	0.00	6.02
		IP-10b: Number of Scheduled OR Cases Ca	0.59	1.00	0.00	5.93
	IP-11 Integrate Direct and Network Care	Percent of Specialty Referral Medical Report	0.30	1.00	0.00	3.03
	IP-12 Maintain a Reliable Facility and Installation Infra	IP-12b: Percent of Infrastructure Projects Fu	0.43	1.00	0.00	4.35
		IP-12a: Percent of Regulatory Compliance P	0.88	1.00	0.00	8.76
		IP-12c: Percent of Projects Supporting Mode	0.87	1.00	0.00	8.69
	IP-14 Market the Army Healthcare System	Market Share of Prime Patients Enrollee in th	0.65	1.00	0.00	6.54
	IP-15 Implement Clinical and Business Best Practice	IP-15a: Number of Best Practices Proferrec	0.06	1.00	0.00	0.57
		IP-15b: Percent of Best Practices Implement	0.00	1.00	0.00	0.00

Quick Report - Monthly Performance Report | 55 | 524 | 1

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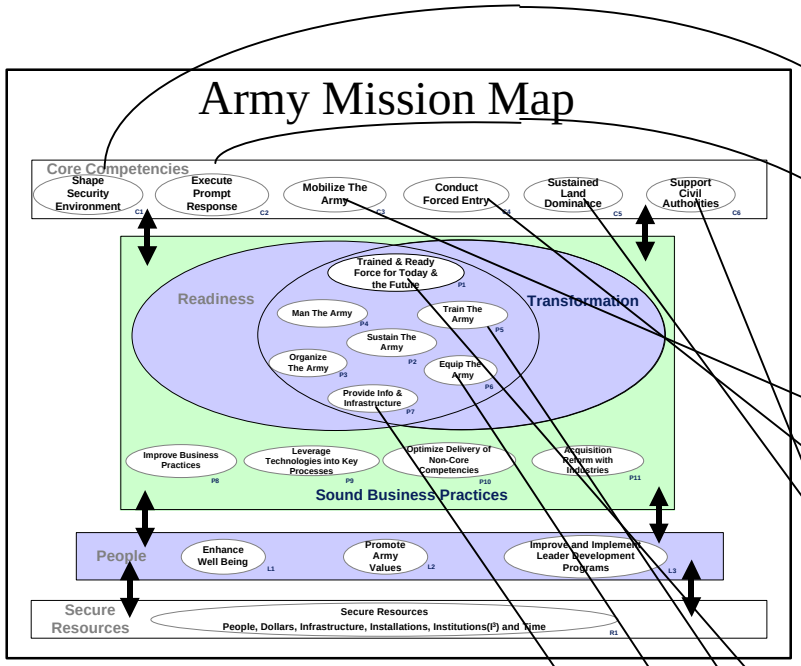

Objective Statement	Measure	Target	Initiative
C1	MC1	TC1	Initiative 1
C2	MC2	TC2	
C3	MC3	TC3	Initiative 3
C4	MC4	TC4	Initiative 4
C5	MC5	TC5	
C6	MC6	TC6	Initiative 6
P1	MP1a MP1b	TP1a TP1b	Initiative 1a
P2	MP2a MP2b	TP2a TP2b	Initiative 2b
P3	MP3a MP3b	TP3a TP3b	Initiative 3b
P4	MP4a MP4b	TP4a TP4b	Initiative 4a

For each and every Bubble / Strategic Objective there is:

- **An Objective Statement**
- **A Measure**
- **A Target**
- **An Initiative - if there is a gap between the Target and current status**